

Docket No. 2008-327-C

Application of Time Warner Cable
Information Services (South Carolina) LLC,
d/b/a Time Warner Cable to Amend its
Certificate of Public Convenience and
Necessity to Provide Telephone Services in the
Service Area of Home Telephone Co. and
For Alternative Regulation

$$\begin{array}{c}) \\) \\) \\) \\) \\) \\) \\) \\) \end{array}$$
TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA), LLC

1 Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE
2 RECORD.

3 A. My name is Charlene Keys and I am Vice President and General Manager of Time Warner
4 Cable's Columbia and Hilton Head Markets. My business address is 3347 Platt Springs
5 Road, West Columbia, South Carolina 29170. My telephone number is (803) 744-5497 and
6 my email address is Charlene.Keys@TWCable.com.

7 Q. WHAT ARE YOUR JOB RESPONSIBILITIES?

8 A. I oversee business operations, construction, technical operations, quality assurance and
9 service delivery for Time Warner Cable's Voice, Video and Data lines of business.

10 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND
11 EXPERIENCE.

12 A. I joined Time Warner Cable in 2004 as Vice President and General Manager of Voice. I was
13 responsible for leading the launch and management of the South Carolina division's
14 residential voice service. I have also held senior management positions at KMC Telecom;
15 MCI WorldCom, Inc.; Sprint Corporation and Civature Consulting. While serving as
16 General Manager, Network Operations at Ameritech Corporation in Chicago, I was selected
17 and successfully completed an executive exchange program with Deutsche Telecom in Bonn
18 and Berlin, Germany. I recently graduated from the Betsy Magness Leadership Institute,
19 Women in Cable Telecommunications' flagship executive development program. I am an
20 Executive Board member of Midlands Technical College Foundation Board, and the
21 Columbia Chamber of Commerce. I am a Board Member of the Columbia Urban League
22 and the Carolinas Chapter of Women in Cable Telecommunications. I recently received the
23 Lincoln C. Jenkins, Jr. Award which recognized me as a trailblazer in promoting equal

1 opportunity and social justice during the Columbia Urban League's 41st Annual Equal
2 Opportunity Day Dinner. I have a Master's Degree in Business Administration from Mercer
3 University in Atlanta and a Bachelor's Degree in Business from the University of the State
4 of New York.

5 Q. ARE YOU FAMILIAR WITH THE APPLICATION TIME WARNER CABLE
6 INFORMATION SERVICES (SOUTH CAROLINA), LLC SUBMITTED TO THIS
7 COMMISSION?

8 A. Yes.

9 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

10 A. The purpose of my testimony is to present evidence concerning our South Carolina
11 operations and our proposal to expand services to include Home Telephone Co.'s ("Home")
12 service area.

13 Q. PLEASE DESCRIBE THE COMPANY'S SOUTH CAROLINA OPERATIONS.

14 A. We currently provide Digital Phone service in the service areas of Verizon, AT&T,
15 Windstream, Hargray Telephone, Bluffton Telephone, and Horry Telephone Cooperative.
16 We have approximately 1400 employees and 25 work locations in South Carolina.

17 Q. DESCRIBE THE FACILITIES USED TO PROVIDE VOICE SERVICES IN SOUTH
18 CAROLINA.

19 A. Time Warner Cable owns and manages cable systems serving approximately 14.6 million
20 customers in 33 states. We offer Digital Phone service over the same Time Warner Cable
21 system facilities that are used to provide video and high-speed data services. We transmit
22 signals using a laser-fed fiber optic cable from origination points known as "headends" and
23 "hubs" to a group of distribution "nodes." Coaxial cable is used to deliver the signals from

1 the individual nodes to the homes and businesses they serve. Our Digital Phone customers
2 use a voice enabled cable modem that connects to the cable in the customer's home or
3 business. Our system allows the delivery of two-way video and broadband transmissions,
4 which is essential to providing advanced video services, Road Runner high-speed data
5 service and Digital Phone. Sprint Communications Corporation assists TWCIS in providing
6 the Digital Phone service by routing voice traffic to and from destinations outside of our
7 network using the public switched telephone network. Sprint also assists in delivering E911
8 service, porting telephone numbers, and delivering long distance traffic.

9 Q. DOES TWICS USE THE PUBLIC INTERNET TO TRANSPORT CALLS?

10 A. No. Unlike Internet phone providers such as Vonage, we do not use the public Internet to
11 transport calls. "Internet protocol" describes the technology being used which digitizes
12 information. The voice enabled cable modem converts the Digital Phone customer's voice
13 from his telephone into Internet protocol packets that are sent onto the Time Warner Cable
14 network. If the person being called is also a Time Warner Cable Digital Phone customer in
15 South Carolina, then the call would be transported entirely in Internet protocol format, and
16 the voice signals would be received by the receiving party's voice enabled modem. If the
17 person being called is not a Time Warner Cable Digital Phone customer in South Carolina,
18 then the Internet protocol voice packets would be routed to a media gateway device that
19 \would convert the Internet protocol packets to traditional circuit switched voice signals and
20 route the call to Sprint and, ultimately, to its final destination.

21 Q. PLEASE DISCUSS THE GROWTH OF THE DIGITAL PHONE MARKET.

22 A. As of September 30, 2008, we had 3.6 million Digital Phone customers nationwide. Our
23 Digital Phone service is growing rapidly in South Carolina. ****BEGIN

1 CONFIDENTIAL****

3 ****END CONFIDENTIAL****

4 Q. HOW DOES TWCIS MARKET ITS SERVICES?

5 A. TWCIS markets its Digital Phone services using direct mail and email campaigns to our
6 current customers. We also advertise using local television commercials, newspaper
7 advertising, and radio commercials.

8 Q. DOES TWCIS TARGET A PARTICULAR MARKET?

9 A. Time Warner Cable traditionally focused on residential customers so initially our focus was
10 on residential Digital Phone customers. In 2007 we launched a commercial Digital Phone
11 service known as Business Class Phone. Business Class Phone service is geared to small and
12 medium-sized businesses. We have been offering video and high-speed data to businesses
13 for over ten years so this commercial Digital Phone service allows us to offer a bundle of
14 video, high-speed data, and voice services.

15 Q. TELL US WHY IT IS IMPORTANT TO BE ABLE TO BUNDLE SERVICES.

16 A. In addition to selling our services separately, we focus on marketing differentiated packages
17 of multiple services and features, or “bundles” for a single price. Increasingly, our customers
18 subscribe to two or three of our services. As of the end of 2007, 48% of Time Warner
19 Cable’s customers subscribed to two or more of our primary services. Those subscribing to a
20 bundle receive a discount from the price of buying each service separately and have the
21 convenience of a single monthly bill. The following table illustrates the growth in customers
22 subscribing to bundled offerings over the last three years:

	December 31,		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
	(in thousands)		
TWC customers with 2 primary services (video, HSD, voice)	4,703	4,647	3,099
TWC customers with 3 primary services (video, HSD, voice)	2,363	1,523	760

Q. WHAT OTHER BENEFITS DOES BUNDLING PROVIDE TO CUSTOMERS?

A. We are also developing features that operate across two or more of our services or cross-platform features. For example, we are beginning to offer Caller ID on TV feature that displays an incoming call on the customer's television set at no extra charge. We are now working on other cross-platform features such as "PhotoShowTV" which gives digital video subscribers who subscribe to our Road Runner service the ability to create and share their personal photo shows and videos with other Time Warner Cable video subscribers. We are also developing remote DVR management which would allow customers who subscribe to our DVR service to use the Internet to program their DVRs, and a residential phone web portal which allows subscribers to use the Internet to modify Digital Phone features, make payments and listen to voicemail.

Q. DESCRIBE TWCIS MARKETING STRATEGY.

A. Our marketing primarily focuses on bundles of video, high-speed data, and voice services offered in differentiated but easy to understand packages. It is essential in today's marketplace to be able to bundle service offerings to compete against bundled service offerings from our competitors.

Q. DOES HOME TELEPHONE OFFER BUNDLED SERVICE OFFERINGS?

A. Yes, according to the Home Telephone website the company currently offers bundles of local, long distance, cable television, high speed Internet, wireless and security services.

1 According to the Home website bundling their services can save the customer from \$172.32
2 up to \$471.12 per year. See Exhibit CK-1.

3 Q. DOES TWICS CURRENTLY OFFER CABLE SERVICES IN ANY OF THE HOME
4 TELEPHONE SERVICE AREAS?

5 A. Yes. We are currently providing cable service to ****BEGIN CONFIDENTIAL
6 **** END CONFIDENTIAL homes in the Home service territory. We are at a competitive
7 disadvantage in those areas where we cannot offer to bundle voice services with our other
8 service offerings.

9 Q. PLEASE TELL US ABOUT THE SERVICES TWCIS PROPOSES TO OFFER?

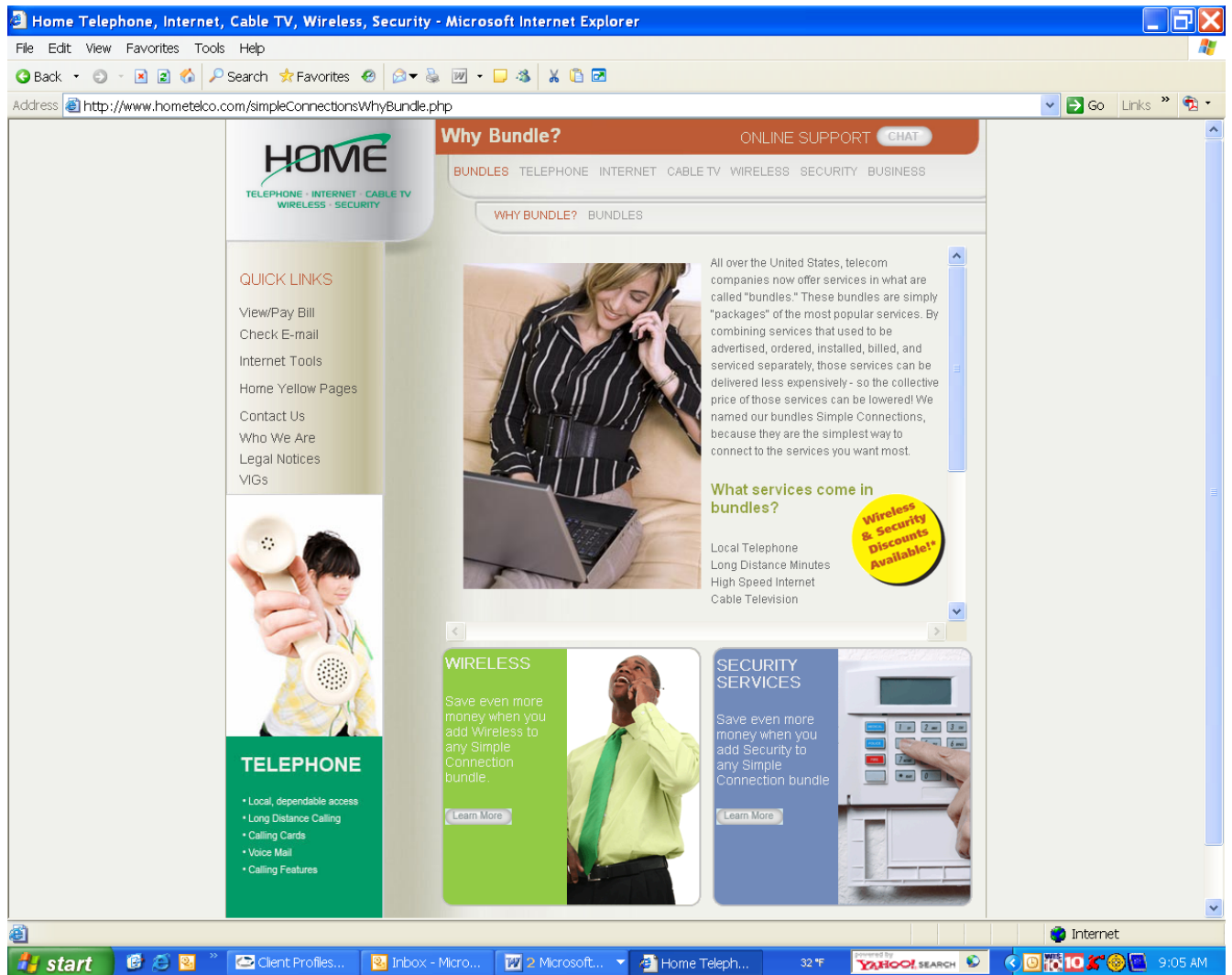
10 A. We would be offering the same facilities based Internet protocol based voice services and
11 intrastate telecommunications services currently offered in the areas in which TWCIS is
12 certificated in South Carolina. These services include Digital Phone interconnected VoIP
13 services to retail residential customers, Business Class Phone interconnected VoIP services
14 to retail business customers, and high capacity private line, point to point
15 transmission/telecommunications services to wholesale and retail business customers. We
16 would offer these services pursuant to the South Carolina Tariff No. 1 currently on file at the
17 Commission.

18 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

19 A. Yes it does.

Charlene Keys Testimony
TWCIS – Home Telephone Co.
Docket No. 2008-327-C

Exhibit CK-1



Home Telephone, Internet, Cable TV, Wireless, Security - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Back Forward Stop Search Favorites

Address http://www.hometelco.com/simpleConnectionsBundles.php

Go Links

QUICK LINKS

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Who We Are

Legal Notices

VIGs

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- Long Distance Minutes
- High Speed Internet
- Cable TV
- Wireless
- Security

Save up to \$471

Bundles

BUNDLES TELEPHONE INTERNET CABLE TV WIRELESS SECURITY BUSINESS

WHY BUNDLE? BUNDLES

Save Money with Simple Connections!

Wireless & Security Discounts Available!

Telephone	Telephone Features	Long Distance	Internet	Cable TV	
The Basic HOME					\$46.49 per month
Residential Access Line	Simply Pick 3 (Details)	200 LD Minutes (Details)			SAVE up to \$172.32 per year
The Essential Xpress HOME					\$76.49 per month
Residential Access Line	Simply Pick 3 (Details)	200 LD Minutes (Details)	Xpress Essential (Details)		SAVE up to \$351.72

WIRELESS

Save even more money when you add Wireless to any Simple Connection bundle.

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Save even more money when you add Security to any Simple Connection bundle.

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Client Profiles...
Inbox - Micro...
Microsoft...
Home Teleph...
32°F
Internet

9:08 AM

Save Money with Simple Connections!



Telephone	Telephone Features	Long Distance	Internet	Cable TV	
The Basic HOME					\$46.49 per month
Residential Access Line	Simply Pick 3 (Details)	200 LD Minutes (Details)			SAVE up to \$172.32 per year
The Essential Xpress HOME					\$76.49 per month
Residential Access Line	Simply Pick 3 (Details)	200 LD Minutes (Details)	Xpress Essential (Details)		SAVE up to \$351.72 per year
The Essential HomeStar HOME					\$96.49 per month
Residential Access Line	Simply Pick 3 (Details)	200 LD Minutes (Details)		HomeStar Essential (Details)	SAVE up to \$297.72 per year
The Essential Xpress and HomeStar HOME					\$90.90 per month
			Xpress Essential (Details)	HomeStar Essential (Details)	SAVE up to \$168.00 per year
The Complete HOME					\$126.49 per month
Residential Access Line	Simply Pick 3 (Details)	200 LD Minutes (Details)	Xpress Essential (Details)	HomeStar Essential (Details)	SAVE up to \$471.12 per year

Simply Pick 3	Select any 3 Calling Features: Caller ID, Call Waiting, Call Return or any of more than a dozen others
200 LD Minutes	Call anywhere in the USA: Monday thru Sunday any time, day or night. Upgrade any Simple Connection to Premium LD (Unlimited) for an additional \$10.00 per month.
Xpress Essential	1MB High Speed Internet: Unlimited access, 8 e-mail addresses, 24/7 tech support and more. Upgrade any Simple Connection with Internet to Xpress Premium (3Mb) for \$5.00 per month or Xpress Extreme (5Mb) for \$10.00 per month.
HomeStar Essential	128 Channels: including all Basic level channels, plus 2 more ESPN channels, 6 more Discovery channels, History, Golf, 4 Pay-Per-View channels, 30 DMX Digital Music channels, Video On Demand and more. Upgrade any Simple Connection with Cable TV to HomeStar Premium (156 Channels) for an additional \$30.00 per month.



BUNDLE AND SAVE!

- Local Telephone
- Long Distance Minutes
- High Speed Internet
- Cable TV
- Wireless
- Security

Save up to
\$471
per year

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